

WHAT CONTRACTORS WANT THE CORPS TO KNOW

SMALL BUSINESS SET-ASIDES FOR HIGH DOLLAR REQUIREMENTS UNDER SIC CODE 8744, ENVIRONMENTAL SERVICES

Small business set-asides for requirements of up to and in excess of \$200 million are warranted given the increased sophistication and ability of growing numbers of small business, particularly in the information technology and environmental remediation industries. As set forth below, set-asides of high dollar procurements are particularly appropriate for requirements under SIC Code 8744 for environmental remediation.

- **Small Businesses Under SIC Code 8744 Are Highly Sophisticated** – Small businesses performing environmental services under SIC Code 8744 tend to be highly sophisticated and capable of performing complex, highly technical work. Frequent migration of upper level management and project employees between large and small business in this industry contributes to the sophistication of the small businesses. The consolidation of large business environmental contractors has accelerated the transfer of technical experience and management talent to small business. In order to be a responsible and responsive offeror, an environmental remediation firm must have a high level of technical expertise and business sophistication. Consequently, many small businesses performing under SIC Code 8744 has management and expertise levels comparable to large businesses performing similar services.
- **Many Small Business Under SIC Code 8744 Have Ample Resources To Perform High Dollar Requirements** – The size levels for SIC Code 8744, and in particular environmental remediation services, permit small businesses to develop strong infrastructures and significant resources. For example, with a size standard of 500 employees for environmental remediation services, small businesses are able to establish a personnel base that can perform even the largest procurements over diverse geographic boundaries.
- **There Are Numerous Small Businesses That Can Perform High Dollar Requirements Under 8744** – Many small businesses are already performing relatively high dollar procurements under SIC Code 8744. Consequently, the firms already possess Certified Procurement Systems and government approved accounting systems. From an accountability perspective, these firms are fully prepared to perform even the highest dollar procurements.
- **Qualified Small Businesses Will Respond To Agency Inquiries For Firms Interested In Performing High Dollar Procurements Under SIC Code 8744** – There are numerous qualified small businesses that are capable of performing high dollar procurements under SIC 8744. In fact, at least ten environmental remediation firms have revenues of \$20 to almost \$100 million. Thus, in complying with the 48 C.F.R. § 19.502-2 (the “rule of two”), agencies can reasonably expect that they will receive offers from at least two responsible small businesses that are capable of performing the requirement at fair market prices. Given the availability of capable small businesses, other agencies are already soliciting responses from small businesses before issuing high dollar requirements under

SIC 8744. For example, the U.S. Navy, Engineering Field West in San Bruno, California issued a

“sources sought” for interested small businesses to respond to a proposed Environmental Remedial Action Operations/Long Term Maintenance services contract with a maximum dollar value of \$150 million over five years. Additionally, the U.S. Navy, Naval Facilities Engineering Command, Pacific Divisions, has already set aside a \$50 million requirement for Clearance of Unexploded Ordnance and Environmental Restoration Worldwide.

- **Small Business Are Currently Performing High Dollar Requirements For Other Agencies**

Under SIC Code 8744 – The fact that numerous high dollar requirements are already being successful performed by small businesses under SIC 8744 is clear evidence that small businesses are willing and able to perform these type of procurements for the Air Force. A example of the type of procurements under SIC 8744 that already being performed by small business include:

U.S. Army Corps of Engineers, Kansas City, MO., Site Specific Environmental Remediation Contract, DACW41-98-R-0035 for \$50 million (See attachment)

U.S. Army Corps of Engineers, Kansas City, MO., MARC, DACW41-98-R-0013 for two contracts with a joint total acquisition value of \$100 million

U.S. Department of Interior Bureau of Reclamation, Upper Colorado Regional Office, SIC Code 8744, \$98 million

U.S. Department of Interior Bureau of Reclamation, Denver, Colorado, 1425-97-SI-81-91010, SIC Code 8744, for three contracts awards valued at \$50 million each.

U.S. Environmental Protection Agency, Region 2, PR-R2-99-10671, with an approximate value of \$300 million.

U.S. Environmental Protection Agency, Region 2, W400735, for \$50 million

U.S. Environmental Protection Agency, Region 5, for \$85 million, 1993-1998

U.S. Environmental Protection Agency, Region 5, for \$135 million 1998-2003

U.S. Air Force Center for Environmental Excellence, \$475 million MARC

National Guard, \$590 million MARC (to be awarded)